



## 2013 CONCORD ANNUAL TOWN REPORT

## Finance

- [Finance Committee](#)
- [Local Option Local Income Tax Committee](#)
- [Board of Assessors](#)
- [Trustees of Town Donations](#)
- [Contributory Retirement Board](#)
- [Finance Department](#)

## Finance Department

Anthony T. Logalbo  
Finance Director

- [Cover](#)
- [Town Officials](#)
- [Board of Selectmen](#)
- [Town Manager](#)
- [2013 Town Meetings](#)
- [General Government](#)
- [Public Safety](#)
- [Municipal Light](#)
- [Public Works](#)
- [Community Development](#)
- [Schools](#)
- [Human Services](#)
- Finance

The Department of Finance and Administration consists of five divisions: Administration, Assessing, Treasurer/Collector, Accounting and Town Clerk. The Department is responsible for budget management, Town purchasing administration, Town payroll administration, group insurance management (in collaboration with the Human Resources Department) and Retirement System administration. The Town Treasurer serves as the Parking Clerk, administering the parking violation system. The Town Treasurer serves as Treasurer for the Trustees of Town Donations. The report of the Town Clerk Division appears elsewhere in this Town Report.

## Administration Division

Anthony T. Logalbo,  
Finance Director and Treasurer-Collector  
Jonathan Harris, Budget and Purchasing Administrator

This Division is responsible for the development and implementation of the Town Manager's budget, the Enterprise Fund budgets, and the five-year Capital Improvement Program. The Division provides guidance and oversight of procurement and public bidding procedures for all Town departments under the Town Manager in accordance with applicable State laws. The Finance Director is delegated by the Town Manager to act as the Chief Procurement Officer for all non-school departments. These functions are conducted under the direction of the Budget and Purchasing Administrator with the assistance of the Budget Analyst.

This Division handles all aspects of Town payroll administration and all federal and State reporting of wages and payroll taxes for the Town departments, the Concord Public Schools (K-8) and the Concord Retirement System. The division handles retiree benefit administration and direct interaction with the Town's 300 retirees for all group

insurance matters.

The Finance Director is responsible for group insurance administration and is custodian-treasurer of the Retirement System and treasurer of the Trustees of Town Donations. The Division provides staff support to the 15-member Concord Finance Committee appointed by the Town Moderator.

The Finance Director is appointed as the Town Treasurer-Collector. In this capacity, the Finance Director is responsible for cash management, debt management and treasury operations. The Director is supported in these activities by the Deputy Treasurer (Treasury Division).

### Payroll

Total payrolls for the Town Government departments and the Concord Public Schools, for the fiscal periods ended June 30, 2012 and 2013, were as follows:

PAYROLL - ALL FUNDS			
	Year ended 6/30/12	Year ended 6/30/13	Percent change
Town Manager Departments	\$20,579,345	\$21,940,856	6.6%
Concord Public Schools	23,826,333	24,883,570	4.4%
<b>TOTAL</b>	<b>\$44,405,678</b>	<b>\$46,824,426</b>	<b>5.4%</b>

### Group insurance

Group health plans are offered to the Town's employees through the multi-town Minuteman-Nashoba Health Group (MNHG) established in December 1990 under the authority granted by Massachusetts General Laws Chapter 32B, §12 which permits local governments to join together for the joint provision of employee group health insurance plans. The MNHG presently includes 17 area towns and regional school districts with about 4,200 employee and retiree members and over 6,000 covered persons (including dependents). Fiscal operations for the group are handled by the Concord Finance Department, Administration Division. The Group's financial performance is independently audited annually.

The primary health care networks offered are the Harvard Pilgrim Health Plan, the Tufts Total Health Plan, and the Fallon Health Plan. The Plans offered to active employees, early retirees (pre-age 65) and non-Medicare eligible retirees are self-funded. The group also provides Medicare Supplement plans for eligible retirees, with premium rates set by Tufts, Harvard Pilgrim and Fallon. The MNHG Group establishes the prices for the various active employee and non-Medicare retiree plans annually based on actual claims experience and with the protection of a stop-loss reinsurance program. Harvard, Tufts and Fallon are paid an administrative fee, negotiated annually, which is based on the number of enrollees.

For the Group's plan years ending May 31, 2012 and May 31, 2013, the following financial information was reported.

MINUTEMAN-NASHOBA HEALTH GROUP  
SUMMARY FINANCIAL STATEMENT

	Year Ending 5/31/12	Year Ending 5/31/13
<b>Assets, Liabilities and Fund Balances</b>		
CASH & INVESTMENTS	\$10,906,783	\$14,258,124
Other current assets	588,991	309,990
Total assets	<u>\$11,495,774</u>	<u>\$14,568,114</u>
Claims Liabilities	\$3,355,296	\$3,341,221
Participants advance contributions	1,470,404	2,198,795
Other	13,474	8,288
Total liabilities	<u>\$4,839,174</u>	<u>\$5,548,304</u>
Unrestricted/Total Net Position	<u>\$6,656,600</u>	<u>\$9,019,810</u>
<b>Revenues, Expenses and Change in Net Assets</b>		
<b>OPERATING REVENUES</b>		
Participants' contributions	\$49,675,991	\$43,941,955
Other Revenues	307,203	137,425
Total Operating Revenues	49,983,194	44,079,380
<b>OPERATING EXPENSES</b>		
Claims expense	36,615,519	36,615,519
Fixed premiums <i>(Medicare supplement plans)</i>	3,250,022	4,135,964
Claims administration expense	2,624,855	2,691,069
Stop-loss insurance premiums	548,957	494,643
Other group expenses	402,534	372,373
Total operating expense	43,441,887	\$41,740,579
<b>NON-OPERATING REVENUES</b>		
Investment income	22,108	24,409
Change in Net Assets	<u>6,563,415</u>	<u>\$2,363,210</u>
Net position, beginning of year	<u>93,185</u>	<u>6,656,600</u>
Net position, end of year	<u>6,656,600</u>	<u>9,019,810</u>

Treasurer Collector Division

Patricia A. Robertson,  
Deputy Treasurer-Collector

The Treasurer-Collector Division of the Finance Department is responsible for the receipt, investment and disbursement of all Town funds, billing and collection of all taxes and utilities, parking violation collection, billing and collection of curbside refuse collection subscriptions, and debt management. This Division serves as custodian-treasurer for the Concord Retirement System, and manages the funds of the Trustees of Town Donations.

Short-term investments

For the year ended June 30, 2013, interest earnings on short-term investments of all Town funds totaled \$256,608.57. The General Fund, which supports the Town and Schools operating budgets, earned \$151,078.26. These earnings represent an average return for the fiscal year of 0.25%, down from the previous year's return of 0.33%. This result reflects the low short-term interest rate policy of the Federal Reserve and the fact that State law limits the investment of operating cash to money market instruments and permitted term investments maturing in one year or less.

Interest earnings funded approximately 0.184% of the \$82.2 million General Fund budget for the fiscal year that ended June 30, 2013. Interest earnings funded about

0.245% of the \$80.1 million General Fund budget for the previous fiscal year.

INTEREST EARNED FY13 Allocated by Fund	Amount
General Fund	\$151,078.26
Municipal Light Operating Fund	23,084.40
Land Acquisition Fund	17.30
Water Fund	14,025.46
Sewer Fund	8,584.85
CPA Fund	3,663.95
CMLP Depreciation Fund	3,958.97
CMLP Underground Fund	966.98
Pension Reserve Fund	5,538.35
Contributory Retirement Fund	4,117.89
Stabilization Fund	2.15
Group Insurance Claims Trust Fund	168.24
Student Activity Fund	353.19
Beede Swim & Fitness Center Fund	9,660.04
53G Fund	23.07
CPS Capital Stabilization Fund	13,055.74
CPS Tech Stabilization Fund	163.16
Elementary School Debt Fund	11,425.14
High School Debt Stabilization Fund	4,545.41
Emergency Response Stabilization Fund	2,168.22
Arts Lottery Fund	7.80

#### Tax collection

Collection of the fiscal year 2013 tax levy through June 30, 2013 totaled \$70,274,975 net of refunds. This is 3.17% more than the previous year. The delinquency rate on the FY13 tax levy was 0.64% as of June 30, 2013, the eighteenth consecutive year in which the delinquency rate on the current year tax levy has been under 1% as of June 30. In addition, \$462,146 was collected during FY13 on prior year delinquencies, net of refunds. The total dollar amount of property taxes outstanding on the tax collector's records (all years) was \$697,612 as of June 30, 2013, compared to \$865,766 as of June 30, 2012.

During FY13, \$210,752 of unpaid property taxes was transferred to Tax Title accounts, along with \$19,497 in penalty interest and related charges. A Tax Title is a legal procedure involving advertisement of the delinquency and the recording of a priority lien against the deed to protect the Town's claim. \$197,256 was collected during the year on Tax Title accounts, along with \$75,271 in penalty interest. Tax Titles bear a penalty interest rate of 16% per annum. At June 30, 2013, 51 properties were in Tax Title status, amounting to accumulated unpaid taxes of \$817,491 (compared to 53 parcels and \$793,028 at June 30, 2012).

#### Debt and credit rating

One Bond Anticipation Note and one bond were issued during fiscal year 2013. Each borrowing is detailed below.

**BOND ANTICIPATION NOTE****\$1.8 million BAN**

Issue date: June 27, 2013

Maturity date: June 16, 2014

Interest rate: 0.2881% net interest cost

Purpose:	
Article 28 of 2012	
Municipal Light Plant expansion	\$1,200,000
Article 48 of 2013	
Telecommunications service (CMLP)	\$100,000
Article 55 of 2013	
Town House exterior renovation	\$500,000

**BOND ISSUANCE****\$3.36 million Bond**

Issue date: June 4, 2013

Final Maturity date - 8 years, June 1, 2021

Interest rate: 0.857% true interest cost

Purpose:	
Article 23 of 2010	
Water System Improvements	\$400,000
Article 27 of 2011	
School Building Improvements	\$725,000
Article 36 of 2011	
Road Design/Engineering-Main St.	\$50,000
Article 26 of 2012	
Road improvements	\$950,000
Article 27 of 2012	
Police/Fire Station Improvements	\$700,000
Article 2 of 2012 STM	
Land Acquisition-51 Laws Brook Rd.	\$535,000

Moody's Investors Services reaffirmed Concord's Aaa credit rating prior to the bond issuance, in its rating report dated May 14, 2013. The Note issuance was assigned a rating of MIG 1 by Moody's on June 17, 2013, the highest possible short-term note credit rating. The Town's long-term debt credit rating has retained the highest possible Aaa rating since 1987.

**53G Fund**

In accordance with Massachusetts General Law Chapter 44, Section 53G as adopted by the Concord Board of Appeals, the Natural Resources Commission, and the Planning Board, any of these three boards may determine (due to a proposed project's size, scale, complexity, potential impact or use of land) that the review of a permit application warrants the assistance of outside consultants. Project applicants must pay for the services provided by the independent advisor. Funds provided by the applicant for this purpose are deposited with the Town Treasurer in an account separate from other monies. Expenditures made from the account may be made without further appropriation and used only for the review of a specific project whose funds have been received from the applicant.

The review of seven project applications presented in Fiscal Year 2013 necessitated the expertise of outside consultants. One project involved an application for a special permit for Personal Wireless Communication Facilities, one for solar installation at 755 Walden Street, with the remaining funds designated for consulting work associated with proposed developments.

The following report summarizes the activity in the 53G Review Fund for the fiscal year ending June 30, 2013:

53G REVIEW FUND  
Fiscal year ending June 30, 2013

<u>PROJECT</u>	<u>Balance 7/1/2012</u>	<u>Funds Received</u>	<u>Funds Disbursed</u>	<u>Balance 6/30/2013</u>
Cell Tower - 40Y Annursnac Hill Rd.	\$1,255.35	\$0.00	\$1,255.35	\$0
Traffic Study - 1112 Main St.	0.00	11,971.58	8,316.30	3,655.28
Solar Panels - 755 Walden St.	0.00	6,500.48	3,960.53	2,539.95
Construction review - 506 Old Bedford Rd.	6,469.20	8.79	3,925.94	2,552.05
Construction review - 1257 Elm St.	0.00	2,501.05	2,501.05	0
Environmental review - Anrad/Keuka Rd.	0.00	2,500.56	2,500.00	0.56
Peer review - 300-330 Baker Ave.	0.00	19,502.78	8,042.50	11,460.28
Traffic Study - 50 Beharrell St.	0.00	4,995.83	4,560.00	435.83
<b>TOTAL</b>	<b>\$7,724.55</b>	<b>\$47,981.07</b>	<b>\$35,061.67</b>	<b>\$20,643.95</b>

### Assessing Division

R. Lane Partridge,  
Town Assessor

The Assessing Division of the Finance Department is responsible for the fair and accurate listing and assessment of all real estate and personal property for taxation purposes, in accordance with state statutes and regulations. The Division assists taxpayers in determining eligibility for statutory property tax exemptions and in understanding the basis for all property assessments. The Division also carries out the valuation of all real property under construction as of each June 30, determines the applicability of the Supplemental Assessment law for newly constructed property receiving a Certificate of Occupancy during the year, and examines all property sales during the year for inclusion in the annual sales analysis. The Division is responsible for the commitment of approximately 17,000 motor vehicle excise tax bills during FY2013, based on data received from the Registry of Motor Vehicles, and assists taxpayers with the adjustment of excise bills throughout the year as vehicles are added and removed from registration.

The Town Assessor and three full-time staff members assist the Board of Assessors. The Board, five members and up to three non-voting associate members appointed by the Town Manager, is the decision-making body with respect to all property valuation determinations.

### Property Valuation

Massachusetts General Law requires the Town to value property for tax purposes as of the January 1st preceding the start of the July 1 fiscal year for which property taxes will be levied. Once every three years, the Department of Revenue (DOR) certifies the valuation of local assessments at "full and fair cash value" with on-site examination. This is referred to as the "certification year". The two intervening years are "Interim" years, during which DOR review of required annual valuation adjustments is done by desk review of the required submitted documentation. Fiscal Year 2013 was an Interim year. For the Division the work is the same in an interim year, but without the process of on-site DOR examination.

On November 18, 2013, following a public hearing, the FY14 uniform tax rate was adopted by the Board of Selectmen, acting upon the recommendations of the Board of Assessors. The FY14 property tax rate was approved by the Department of Revenue on December 4, 2013. The FY2014 values are based on an assessment date of January 1,

2013 and a market value analysis using calendar year 2012 “arms-length” sales. The Town’s total property value increased 1.5% from FY2013 to FY2014

The goal of the Board of Assessors is to value properties as equitably and consistently as possible. The following table summarizes the Town’s values by property use.

### Tax Levy

At the 2013 Annual Town Meeting, taxpayers voted appropriations totaling \$85,149,105 for the Fiscal Year July 1, 2013 through June 30, 2014, a 4.8% increase in appropriations over the prior year. This included an increase in debt service assessed by the Concord-Carlisle Regional School District in connection with the construction funding of the new regional high school, an assessment excluded from the property tax levy limit in accordance with the town-wide ballot vote of November 2011. Without this assessment increase, the voted appropriations for FY14 increased by 3.2%.

In addition, certain state assessments, snow/ice removal account deficits and the overlay account to cover the cost of tax abatements and exemptions must be added to determine the total budget amount. The FY2014 total General Fund budgeted amount is \$86,220,339, a 4.8% budget increase. Monies to support this local spending are raised by the property tax levy, state aid, local receipts and other sources. The maximum permitted property tax levy for FY14, the total amount of money that can be raised through real and personal property taxes in accordance with state law, is \$77,680,928. This includes a levy of \$4,801,422 for excluded debt service. The actual FY14 property tax levy is \$74,135,633. Thus, \$3,545,295 of the maximum permitted levy limit remains unused. The Annual Levy Limit is calculated as follows:

LEVY LIMIT CALCULATION	
Levy Limit of previous fiscal year -- FY13	\$69,911,104
2½% allowed increase	1,747,778
New Growth	<u>\$1,220,624</u>
Total ( <i>before debt exclusion and override</i> )	\$72,879,506
DEBT EXCLUSION	\$4,801,422
<i>(principal and interest due on debt authorized to be repaid from taxation above the levy limit)</i>	
Operating Override authorized by ballot	<u>\$0</u>
Maximum Permitted Levy for FY14	<u>\$77,680,928</u>
FY14 actual Property Tax Levy	<u>\$74,135,633</u>
Unused Levy Limit	\$3,545,295

### Property Tax Rate

The Town of Concord has repeatedly had one of the lowest tax rates of the surrounding communities; however, the average tax bill is one of the highest in the state. This is due to the Town’s high average single family residential valuation of \$847,681. The median single family residential valuation is \$680,400.

## ASSESSMENTS BY PROPERTY USE (FORM LA-4)

Class Type	Class Code	FY 2014		FY 2013	
		Parcel Count	Total Value	Parcel Count	Total Value
Single Family	101	4,591	\$3,891,705,988	4,568	\$3,831,655,800
Condominium	102	776	292,553,393	774	297,019,132
Miscellaneous	103, 109, 140	68	139,631,800	69	138,323,300
2-Family	104	118	69,238,700	119	70,534,100
3-Family	105	2	1,354,600	3	2,235,900
Apartments	111--125	26	183,007,300	26	167,349,700
Vacant Land	130--132,106	314	43,686,000	335	51,069,900
Commercial	300--393	340	386,685,700	338	366,729,700
Industrial	400--452	32	26,044,900	34	28,240,400
Forest Land	601--602	14	114,380	14	112,184
Agricultural	700	32	551,455	30	570,552
Recreation Land	800	15	8,225,116	16	8,221,266
Mixed Use	012--043	34	40,975,400	35	41,689,500
Personal Property	501--508	240	46,718,930	229	51,218,760
TOTAL		6,602	5,130,493,662	6,590	\$5,054,970,094

The tax rate, in its simplest form, is the tax levy divided by the town's taxable valuation. This is called the Uniform Tax Rate and under this rate, each class of property pays a share of the tax levy equal to its share of the total town value. The calculation for the Town of Concord for FY2014 is:

$$\$74,135,633 / \$5,130,493,662 = .01445$$

or \$14.45 per thousand dollars of assessed valuation

Property taxes are billed quarterly. For FY2014 the first two tax payments were due August 1 and November 1, 2013. These were estimated based on the previous year's taxes plus 3%. In November the Board of Selectmen voted a "residential factor" of 1.00, thereby setting the FY14 tax rate at a Uniform Tax Rate, which has been their practice for the past 17 years. The third and fourth quarter tax payments are due on February 3, 2014 and May 1, 2014, based on the total annual taxes minus the total of the first two estimated billings. Utility Liens for unpaid town utility bills and the annual allocation of betterment apportionments are added to the third quarter bill due February 3, 2014.

#### Motor Vehicle Excise Tax

The Assessing Division is responsible for committing Motor Vehicle Excise Taxes to the Town Collector. The tax is calculated by the Registry of Motor Vehicles which conveys the bill file electronically to each municipality based on the place a vehicle is garaged. The taxable value is based on the manufacturer's original list price for the particular model (without regard to accessories and without regard to the purchase price negotiated between the buyer and seller) multiplied by a yearly discount. The yearly discount schedule applied to the original list price is as follows:

- 50% the year preceding the designated year of manufacture
- 90% the year of manufacture
- 60% the second year of manufacture
- 40% the third year of manufacture
- 25% the fourth year of manufacture
- 10% the fifth and all succeeding years of manufacture

Once the taxable value of the vehicle is determined, an excise tax is calculated at the rate of \$25.00 per thousand. By state law, the tax is adjusted by the number of full or partial months the vehicle is on the road. Abatements are issued when vehicles are sold or disposed of, calculated only in full months proration (again, according to state law) and subject to a minimum bill of \$5.00.

The Assessing Division committed the following excise tax amounts to the collector during Fiscal Year 2013

MOTOR VEHICLE COMMITMENTS				
July 1, 2012 to June 30, 2013				
<i>Tax Year</i>	<i># of Commitments</i>	<i># of Bills</i>	<i>Amount Committed</i>	<i>Amount Abated</i>
2011	1	1	\$389.06	\$3,627.50
2012	6	1,850	\$243,760.23	\$21,459.95
2013	7	15,197	\$2,398,551.20	\$41,078.70
<b>Totals</b>	<b>14</b>	<b>17,048</b>	<b>\$2,642,700.49</b>	<b>\$66,166.15</b>

### Accounting Division

Gail Henry, Town Accountant

The Accounting Division is responsible for maintaining the financial records of the Town, preparing periodic and annual financial statements, the preparation of the weekly disbursement warrant for approval, maintaining budgetary records, monitoring and maintaining records of all contracts and grants, ensuring that statutory reports are in compliance with standards set by the State and by the Government Accounting Standards Board and the management of the annual audit. In addition, this division handles the billing of the Town's 5,534 water/sewer accounts and 8,091 electric accounts for the Town's utilities. The Town Accountant manages all State and Federal grant reporting and maintains all official contract and grant records.

During the fiscal year ended June 30, 2013, the division issued 33,864 bimonthly water/sewer bills, 14,034 monthly electric bills, 40,742 bimonthly electric bills and 8,725 vendor checks.

Financial results from the operations of municipal enterprises and for the General Fund for the most recently completed fiscal period are shown on the following page.

FINANCIAL RESULTS FROM OPERATIONS OF MUNICIPAL ENTERPRISES				
Year ended 6/30/13, Electric year ended 12/31/12				
	Electric	Water Fund	Sewer Fund	Beede Center
Operating Revenues	\$28,473,103	\$4,554,423	\$2,586,879	\$2,429,579
Operating Expenses	26,283,417	2,567,632	2,899,025	2,091,407
<i>Operating Income (loss)</i>	\$2,189,686	\$1,986,791	\$(312,146)	\$338,172
Non-operating Income (Expense)	(289,234)	(147,022)	789,049	9,660
Transfers To Other Funds:	<u>(385,000)</u>	<u>(591,629)</u>	<u>(124,424)</u>	<u>(129,922)</u>
<i>Change in net position</i>	\$1,515,452	\$1,248,140	\$352,479	\$217,910
Net Position at Beginning of Year	\$41,719,031	\$20,086,123	\$16,138,844	\$11,130,110
Net Position at End of Year	\$43,234,483	\$21,334,263	\$16,491,323	\$11,348,020

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**YEAR ENDING JUNE 30, 2013**

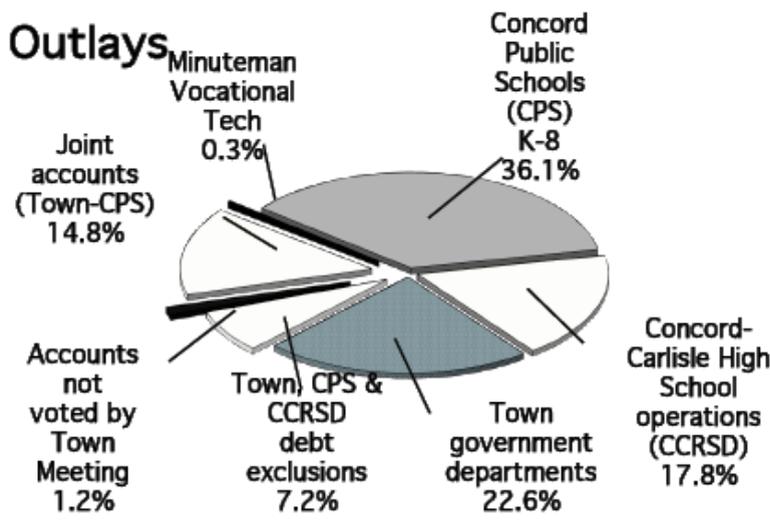
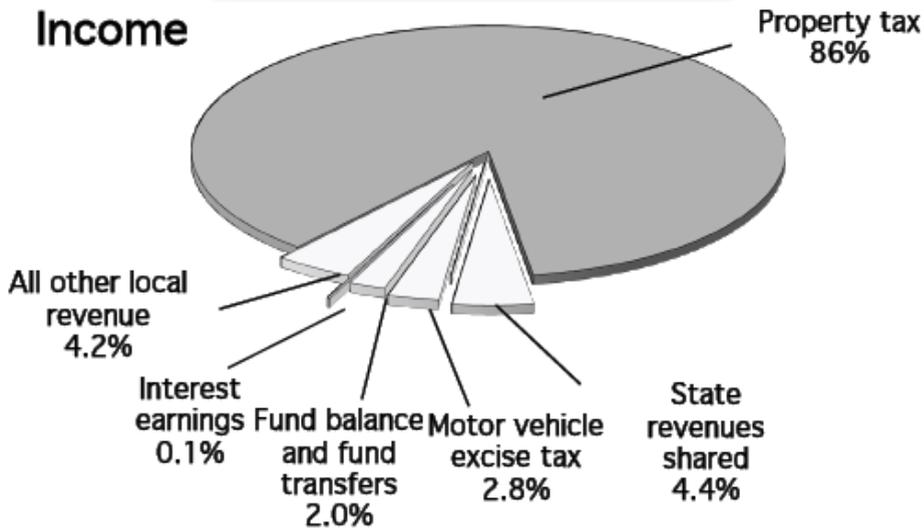
<b>Revenues:</b>		
Property Taxes		\$70,981,727
Excise Taxes		3,482,816
Penalties, interest and other taxes		275,379
Departmental		1,296,607
Licenses and permits		886,261
Fines and forfeitures		141,096
Intergovernmental		8,288,720
Investment income		141,698
Other		<u>137,079</u>
<b>Total Revenues:</b>		<b>\$85,631,383</b>
<b>Expenditures:</b>		
General Government		\$4,817,836
Public Safety		7,895,427
Education		50,671,088
Public Works		3,622,502
Snow and Ice		626,951
Health and Human Services		413,833
Culture and recreation		2,071,537
Employee benefits		8,495,443
Debt Service		7,831,905
Intergovernmental		<u>441,326</u>
<b>Total Expenditures</b>		<b>\$86,949,043</b>
Excess (deficiency) of revenues over expenditures		\$(1,317,660)
Other financing sources		<u>\$1,815,553</u>
Change in fund balance		<u>\$497,893</u>
<b>Fund Balance Beginning</b>		<b>\$27,007,220</b>
<b>Fund Balance Ending</b>		<b>\$27,505,113</b>

CLASSIFICATION OF ENDING FUND BALANCE (PER GASB STATEMENT #54):

	<u>At 6/30/12</u>	<u>At 6/30/13</u>	
Restricted	\$5,477,457	\$5,067,579	MSBA Thoreau Grant
Committed	6,757,543	7,090,078	Stabilization and Insurance Reserve funds
Assigned	4,488,246	4,627,414	Encumbrances and FY12 Free Cash use
Unassigned	<u>10,283,974</u>	<u>10,720,042</u>	
	\$27,007,220	\$27,505,113	

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**General Fund**  
**FY14 ADOPTED BUDGET**  
 Operating budgets of town and schools  
 Total Budget: \$86,220,339 (+4.81%)  
*+3.61% without High School debt service increase*



[General Fund Budget — All Accounts FY2011–FY2014](#)

[FY 2013 Transactions and Changes in Fund Balances](#) (All Funds Except the General Fund and Enterprise Funds).

[Analysis of General Fund Appropriations — June 30, 2013.](#)